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PUC urged to rethink conditions on Verizon

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Key state lawmakers want the Public Utilities Commission to reconsider several conditions it placed on its recommendation that Verizon New Hampshire be allowed to enter the interstate long-distance market.

In a letter to the commission dated May 2, Rep. John Thomas, chairman of the Telecommunications Oversight Committee, and Sen. Carl Johnson, vice chairman, ask regulators to reconsider the decision. Instead, the lawmakers suggest “a fair and reasonable recommendation by the commission that is consistent with neighboring states is in our best interest.”

In an interview yesterday, Thomas said, “The committee — and me, too — is upset this is being held up. This means lower rates.” He contends New Hampshire will be left behind in the telecommunications arena if the commission does not change its stance.

But state Consumer Advocate Michael Holmes, who backed the commission’s recommendations, said, “While I respect the opinions of these two folks, they don’t speak for the entire Legislature.”

He said much like a court, the commission is a semi-judicial agency, and he believes it is performing that function.

“I really believe that under the separation-of-power theory, that the commission has an absolute obligation to ignore advice that is not given in statutory terms,” he said. “I don’t believe the commission should change its decision.”

Neither does Brian Susnock, president and CEO of Destek, a Nashua-based Internet service provider. He said: “It’s outrageous that these politicians are strong-arming an organization they put in place to do the job. It’s unnecessary because the commission has done its job well. There must be some other influence at work here.”

Verizon has either received permission or has applied to the Federal Communications Commission for permission to offer interstate long-distance service in the other five New England states. The company has long asserted that in states where it has entered the long-distance market, prices have dropped both for long-distance and for local service.

In order to win approval from the FCC, Baby Bells such as Verizon must have state regulators find that the companies have sufficiently opened their local networks to competition.

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The commission staff has said there is nothing to prevent the company from applying for federal approval for long-distance service in New Hampshire, but Verizon New Hampshire President J. Michael Hickey said the company will not apply while issues remain unresolved here.

Commission staff have also said the commission has not asked the company to do anything more than what other state regulators have required.

Thomas said yesterday, "The commission required more of Verizon than any other state has. If (Verizon) has to go any further than it is going, they just won't play."

In March, the PUC recommended to the Federal Communications Commission that Verizon be allowed to offer long-distance service, but attached 10 conditions and also imposed a more stringent plan to ensure parity in how the company treats its wholesale and retail customers.

Verizon agreed to all but three of the conditions and objected to the commission's quality-of-service plan for wholesale customers, saying it subjected the company to an unreasonable amount of penalties and added requirements no other state had requested.

After several hearings before the Telecommunications Oversight Committee and a PUC letter suggesting the parties meet and try to negotiate an agreement, all but two issues have been resolved: what Verizon can charge competitors to use its network and the quality-of-service plan for wholesale customers. Verizon argued that the PUC set what Verizon could charge competitors less than a year ago, and if the PUC wants to change the prices, it should open a separate case.

In a report from the staff of the Public Utilities Commission to the commission issued Monday, staff members suggest several ways to resolve the pricing issue. The commission will take the report and the letter from Thomas and Johnson under advisement, said PUC Executive Director Debra Howland.

In their letter, Thomas and Johnson chide the commission over the rates, saying Verizon's competitors have been trying to set the rates and conditions. "Basically, the PUC staff has let the CLECs (competitive local exchange carriers) make the decision if Verizon can play and at what price," Thomas said yesterday in an interview.

In the letter, he and Johnson write, "Qualifying your (long-distance) recommendations concerning these rates is therefore not appropriate, in our opinion."

The two lawmakers also said there is an "implied arrogance in suggesting that New Hampshire stands alone by requiring additional quality standards and penalties to ensure service levels."